

- i. Cause construction of the Facility with financing to a third party lender not to exceed the sum of \$_____.
- ii. Provide to the lender making available such financing a properly perfected first mortgage and/or security interests covering the Facility.
- iii. Provide a payment schedule to CF for its prior approval concerning all construction costs and all financing of the Facility.
- iv. Obtain Lender's acknowledgement that it will not make any future advances under said mortgage and/or security interests other than collection costs, accruing interest or advances necessary to protect lenders collateral. If a default occurs under any such lending agreements, CF or any other person designated by it shall be provided with 30 days' written notice of the default. CF shall have the right, if the Producer is unable, to cure the default.
- v. Obtain and keep in full force and effect for the full term of this contract, life insurance in the amount of 35% of the outstanding principal balance of the loan to said third-party lender. Said coverage shall be assigned and payable to third-party lender. Producer agrees to provide proof of insurance to CF before pigs are placed in the facility. Said coverage may be waived only at CF's discretion and only if Producer is considered uninsurable by more than two insurance companies.

C. **Regulatory Requirements.** A condition of this contract is Producer's having obtained prior approval and satisfaction of all necessary environmental and/or regulatory requirements. Such requirements shall include, but are not limited to, any county zoning requirements, state requirements or permits, manure hauling permits and/or agreements, manure management plan, and any and all other environmental, zoning or regulatory requirements necessary to operate the Facility. In addition, Producer shall incur those expenses and do such things as CF determines to be reasonably necessary to ensure continuous compliance with such regulatory requirements throughout the contract term.

2. **TERM OF CONTRACT.** [OPTION A]

This contract is effective upon execution and thereafter for a term of ten years commencing with the first delivery of pigs to the Facility. Unless sooner terminated by default or by Producer's exercise of the right of early termination set forth at Paragraph 10, at the expiration of the contract term, the contract shall continue from year to year on the same terms and conditions until one party gives the other 365 days written notice of termination. After such notice this Agreement shall expire and be of no further force and affect.